

Message Text

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61

ORIGIN EB-03

INFO OCT-01 SS-14 ISO-00 ARA-06 L-01 NSC-05 NSCE-00 CIAE-00

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DRAFTED BY EB/IFD/OIA:DHSTEBBING

APPROVED BY EB/IFD/OIA:RSMITH

ARA/CAR:JRBURKE

OPIC :CSCOLE

L/EB:SRBOND (INFO)

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O 292110Z JAN 75 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY KINGSTON NIACT IMMEDIATE

C O N F I D E N T I A L STATE 020943

LIMDIS

E.O. 11652: GDS

TAGS: EINV, EMIN, JM

SUBJECT: REYNOLDS NEGOTIATIONS

1. REYNOLDS TEAM HEADED BY SIKOROVSKY IS TRAVELING TO KINGSTON TODAY (JANUARY 29) FOR FURTHER ROUND OF TALKS WITH GOJ. REYNOLDS BELIEVES THAT IT MAY BE POSSIBLE TO REACH AGREEMENT THIS WEEK. IF SO, RICHARD REYNOLDS WILL GO TO KINGSTON FOR THE SIGNING WITH PRIME MINISTER MANLEY.

2. REYNOLDS HAS PROVIDED OPIC WITH DRAFT AGREEMENT PREPARED BY THE COMPANY CLOSELY MODELED ON THE KAISER SETTLEMENT. ICSID PROVISION IS IDENTICAL TO KAISER SETTLEMENT. THE DRAFT DOES NOT PROVIDE FOR NEW INVESTMENT BY REYNOLDS, BUT THAT QUESTION COULD COME UP LATER IN CONNECTION WITH REYNOLDS' PARTICIPATION IN ALPART. THE

DRAFT LANGUAGE ON THE PRODUCTION LEVY, STILL REQUIRING GOJ ASSENT, WOULD GIVE REYNOLDS THE SAME TERMS AS KAISER. LAND PURCHASE TERMS ARE THE SAME AS KAISER'S. THE GOJ
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WOULD PURCHASE 51 PERCENT OF MINING OPERATIONS TO BE PAID

OVER 10 YEARS AT 8 1/2 PERCENT INTEREST IN U.S. DOLLAR
DENOMINATED NOTES PAYABLE IN THE U.S. THE GOJ HAS
INDICATED, HOWEVER, THAT IT MAY NOT WANT THE PORT FACILI-
TIES TO BE INCLUDED IN THE PURCHASE. STILL AT ISSUE ALSO
IS THE QUESTION OF MANAGEMENT. OPIC BELIEVES THAT REYNOLDS
SHOULD HAVE CLEAR-CUT MANAGERIAL CONTROL FOR THE ENTIRE

PERIOD OF OPIC INSURANCE COVERAGE, OR SOME ADJUSTMENT OF
THE PERIOD OF COVERAGE MAY BE NECESSARY.

3. WE WOULD APPRECIATE ANY INFORMATION YOU OBTAIN FROM
REYNOLDS OR THE GOJ. KISSINGER

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